

POSTED
DWS-2200

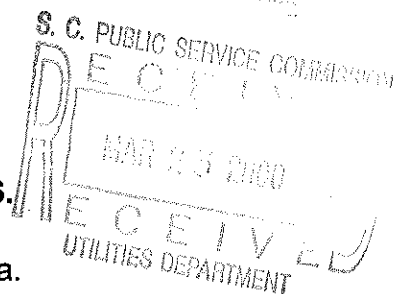
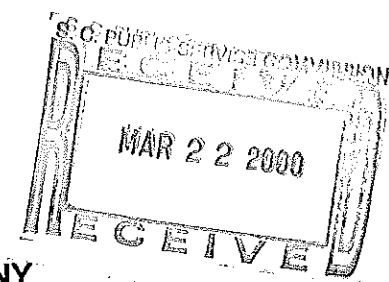
DIRECT TESTIMONY
OF

JOHN R. HENDRIX

ON BEHALF OF

SOUTH CAROLINA ELECTRIC & GAS COMPANY

DOCKET NO. 2000-0002-E



Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. John R. Hendrix, 1426 Main Street, Columbia, South Carolina.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am Supervisor of Electric Pricing and Rate Administration of South Carolina Electric & Gas Company (SCE&G).

Q. DESCRIBE YOUR EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE.

A. I am a graduate of the University of South Carolina where I received a Bachelor of Science Degree in Business Administration with a major in marketing. Since joining South Carolina Electric & Gas Company in August 1983, I have held various positions within the Rate Department. In November 1999 I assumed my present position. I have participated in cost of service studies, rate development and design, and rate evaluation

RETURN DATE: 02 DBL
SERVICE: 02 DBL

1 programs for both the electric and gas operations. I am a member of the
2 Southeastern Electric Exchange Rate Section.

3 **Q. WILL YOU BRIEFLY SUMMARIZE YOUR DUTIES WITH SOUTH**
4 **CAROLINA ELECTRIC & GAS COMPANY?**

5 A. I am responsible for the design and administration of the Company's electric
6 rates and tariffs including the electric fuel adjustment. In addition, I am
7 responsible for the Company's electric allocation studies.

8 **Q. MR. HENDRIX, WHAT IS THE NATURE OF YOUR TESTIMONY IN THIS**
9 **PROCEEDING?**

10 A. The purpose of my testimony is to provide the actual fuel cost data for the
11 period March, 1999 through February, 2000, the historical period under
12 review in this proceeding. I will also provide the computations for the
13 projected fuel cost per kilowatt-hour of sales for the period May, 2000
14 through April, 2001, along with the Company's recommended fuel rate for
15 the period ending April, 2001.

16 **Q. WHAT IS THE COMPANY'S CURRENTLY APPROVED RATE FOR FUEL**
17 **COST?**

18 A. The Commission in Order No. 1999-298, dated April 30, 1999 approved a
19 1.337 cents per KWH fuel component which is currently in effect.

20
21 **Q. WILL YOU PLEASE EXPLAIN EXHIBIT NO. ____ (JRH-1)?**

1 A. Exhibit No. _____ (JRH-1) shows the actual fuel cost and unbilled
2 revenue experienced by the Company for the months of March 1999
3 through February, 2000. As shown on this Exhibit, the Company has an
4 actual under collection of \$8,473,749 as of February, 2000. The forecasted
5 balance at April, 2000 is an under collection of \$3,988,819. It should be
6 noted that for the actual months of January and February 2000 and the
7 forecasted months of March and April 2000, the Company has included SO₂
8 emission allowances pursuant to Section 58-27-865 S. C. Code Ann. and
9 Commission Order No. 1999-877 dated December 14, 1999. The SO₂
10 emission allowances included in the total fuel cost for the actual months are
11 \$1,033,657 and for the forecasted months are \$1,152,671.

12 **Q. WILL YOU PLEASE EXPLAIN EXHIBIT NO. _____ (JRH-2)?**

13 A. Exhibit No. _____ (JRH-2) provides the calculation of the projected
14 fuel component for the twelve month period May, 2000 through April, 2001.
15 This component consists of the projected fuel costs for this period and the
16 projected under recovery at April, 2000. For the twelve months May, 2000
17 through April, 2001 that cost is 1.327 cents per KWH.

18 **Q. HOW WOULD THE PROJECTED UNDER COLLECTION OF FUEL COST**
19 **IMPACT THE COMPANY'S FORECASTED FUEL RATE?**

20 A. The anticipated under collection through April, 2000 of \$3,988,819 would
21 increase our fuel rate .020 cents per KWH for the twelve month period

1 ending April, 2001. Increasing the projected fuel cost for the under
2 collection produces a total cost of 1.327 cents per KWH for the twelve
3 month period ending April, 2001.

4 **Q. MR. HENDRIX, WHAT FUEL COMPONENT IS THE COMPANY**
5 **PROPOSING IN THIS PROCEEDING?**

6 A. The Company is proposing that the fuel component be changed to 1.327
7 cents per KWH effective with the billing month of May, 2000 and continuing
8 through the billing month of April, 2001. The Company believes that
9 decreasing the fuel component to 1.327 cents per KWH follows the
10 Commission's intent in the establishment and continuation of the fuel clause
11 by maintaining a relative balance between actual and projected fuel costs
12 and sales over the long run.

13 **Q. WILL YOU PLEASE EXPLAIN EXHIBIT NO. _____ (JRH-3)?**

14 A. Exhibit No. _____ (JRH-3) contains the Company's fuel costs forecast
15 and projected recovery calculations by months for May, 2000 through April,
16 2001. This exhibit reflects the monthly and cumulative over and under
17 projected fuel cost collections expected by the Company using my
18 recommendations as to fuel rate level and timing of the fuel rate change.
19 My projection shows an under recovery of \$3,988,819 at April, 2000 and an
20 over recovery of \$103,961 at April, 2001. For the same reasons discussed
21 in my previous answer regarding Exhibit No. _____ (JRH-1), it should be

1 noted that the forecasted fuel costs as shown in this exhibit include SO₂
2 emission allowances totaling \$8,972,951.

3 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

4 **A. Yes.**

5